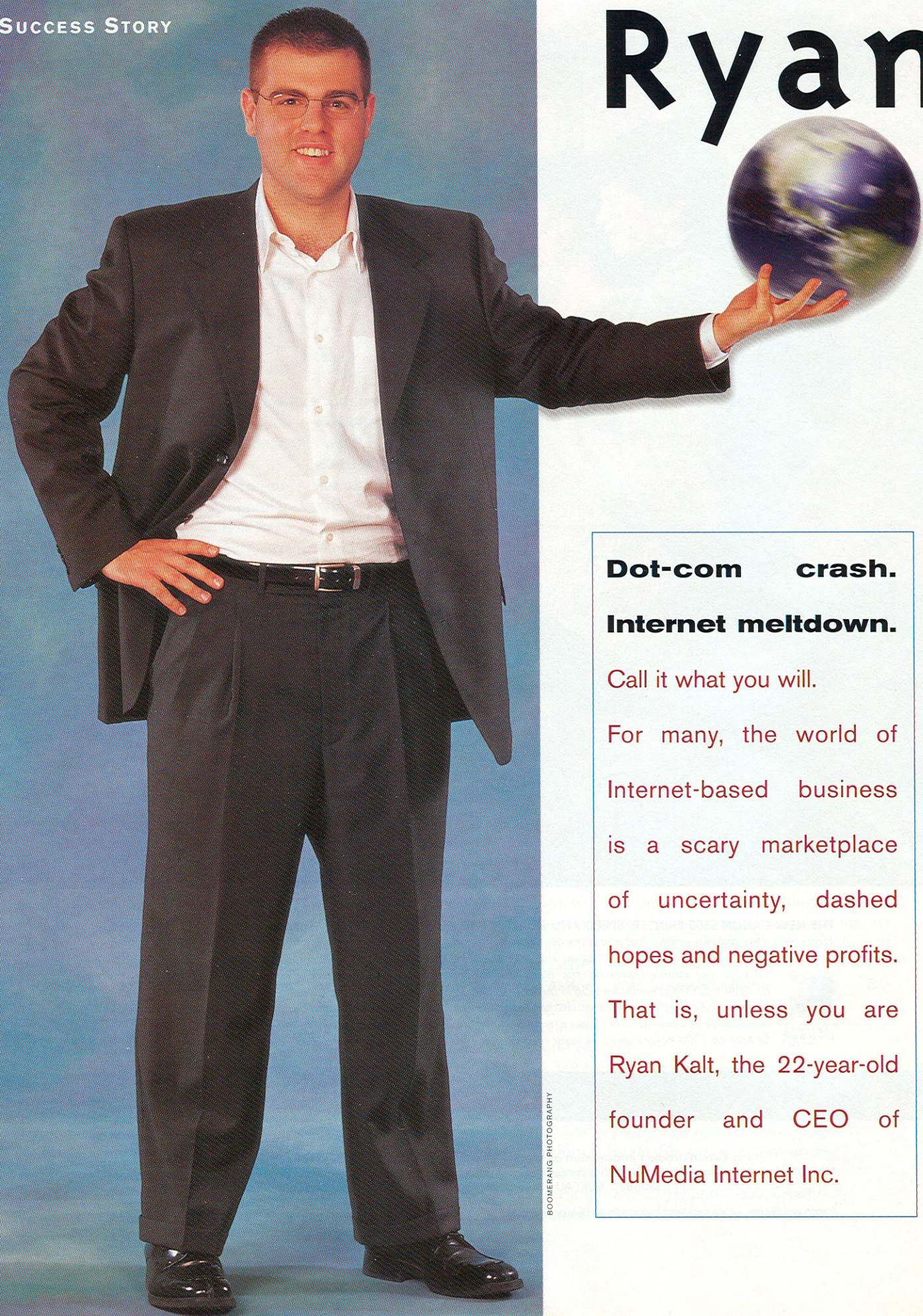


SUCCESS STORY



# Ryan

**Dot-com crash.**

**Internet meltdown.**

Call it what you will.

For many, the world of Internet-based business is a scary marketplace of uncertainty, dashed hopes and negative profits.

That is, unless you are Ryan Kalt, the 22-year-old founder and CEO of NuMedia Internet Inc.

# Kalt,

## CEO of NuMedia Internet Inc. Conquering the On-Line Frontier

By Aaron Lam

**I**n August 2001, NuMedia was recognized by Profit Magazine as one of Canada's fastest-growing companies.

Kalt was also applauded by Profit as being the youngest executive to be on its Hottest Start-Ups ranking.

NuMedia has climbed a steep growth path with fiscal 2000 revenues exceeding \$ 3,500,000, up from approximately \$ 250,000 in 1998.

"We bring together electronic information in the form of on-line databases, on-line articles and resources, and we aggregate them into business verticals that serve three particular categories: the technology market, general business and finance," explains Kalt. "We also provide on-line learning products and newsletters that bring marketplace information on these verticals to businesses around the world."

Kalt graduated in spring 2001 with a commerce degree from Queen's University, but he was an entrepreneur long before graduation. While attending university, he had the interesting challenge of balancing his academics with the daily responsibilities of running NuMedia.

"It was a lot of fun," Kalt recalls. "I'd take breaks between class and I'd be on the phone with an executive at a major company making a deal, and then I'd go back to class and they might be talking about the same company that I'd just done a deal with. At the time, I kept the two worlds separate. People at school were not aware of my business going on and people in the business weren't aware of my academics going on, just for the ability to lead a dual life for a period of time."

Kalt always found it amusing when his business and academics crossed paths by accident: "There was one class in which they actually handed out and sug-

gested one of our electronic medium properties as a resource. It was a good chuckle when they suggested our own product in the classroom."

Although it was often a challenge to balance the demands of NuMedia, class assignments, and trying to have some semblance of a personal life, Kalt does not regret juggling so many responsibilities at the same time.

"My education brought a sense of structure and an ability to strategize that I found very valuable," he says. "A lot of the time when you're in a fast-growing environment, you need to be able to put some sort of a corporate structure around your growth."

Before he founded NuMedia in 1998, Kalt founded and operated another Internet-based business in 1996. WebCrafters Interactive was a design firm based in British Columbia that created Web sites for businesses. It was during his experience with WebCrafters that Kalt realized the great potential of the Internet as a distribution channel for information. After two years of operation, Kalt decided to pursue another entrepreneurial venture.

"WebCrafters was a firm that wasn't a 'me too' because it was one of the first in the area to provide the services that it did. But as technology evolved, it was a firm that was going to become less and less unique. It was an opportunity for me to understand that the more you can make your product different within the marketplace and bring to an industry something that doesn't exist already, the better off you're going to be."

After deciding to start NuMedia, Kalt was faced with the difficult challenge of financing his new venture.

"I had the proceeds, although insignificant in hindsight, of the business which I had sold prior to coming to Queen's," says Kalt. "The biggest por-

tion of our financing was customer financing. It's important to ensure that your product has enough of a margin so you can reinvest the proceeds into the company. And like any entrepreneur, it's always a challenge to get your first few customers. But once you're able to get these customers, make sure you treat them very well and they'll continue to buy from you. And as they buy from you, you need to be constantly reinvesting in the business."

Kalt advises young entrepreneurs to seriously consider all options when deciding how to finance a new venture. Laying down a smart financing structure is like laying down the foundation for a house; if you don't plan well from square one, the construction as a whole may prove rickety sometime down the road.

Credit cards are not the route to follow for financing, according to Kalt. As he sees it, "you really want to stay away from money that costs you 20 per cent a year. It can be a very expensive way to do business, especially when you need your profits to help grow the company as opposed to contribute to another \$2 billion plus income year for a major bank."

Young entrepreneurs are often anxious to jump at the first source of funding presented to them. Kalt cautions entrepreneurs to keep their wits about them when seeking financing: "It's important not only knowing where to find money, but when you see money, knowing whether or not to take it. Because not all money and not all sources of financing are good ways to do it. That applies all the way up to higher venture capital-level investments. Not all business partners should be brought to the table."

Keeping costs down was very important when starting NuMedia Internet. During the early days of the business, Kalt didn't have fancy offices to work from. He sometimes took calls

between classes and conducted business from his dorm room. Today, NuMedia Internet has offices in Kingston, Toronto and Kelowna. At present, the majority of the company's business is from outside of Canada.

Especially when starting a business, it is vital not to let your enthusiasm make you lose focus: "You can't service everybody with every product. Over time, you can expand and be more to more people, but at the start, you really need to focus in on a niche."

Once Kalt's business was clearly defined, the next task was getting the word out.

"The biggest challenge at the beginning was obviously market credibility," Kalt recalls. "I have a marketing background, and brand and positioning within the marketplace have always been a key aspect of our business. Building that brand up was very expensive and took a tremendous amount of time. Now that we have it in different verticals, it's fantastic because we can leverage that very quickly into expansion opportunities or leverage that to attract new clients."

Kalt survived the early days of the Internet craze, when many dot-coms were ill-prepared in terms of financing structure, keeping costs low and focusing their business. In the excitement, overnight Internet millionaires seemed to be popping up everywhere.

However, the excitement turned to horror for many as the dot-com bubble burst in spectacular fashion.

"Part of what caused the meltdown was that the people building the companies saw them as investment vehicles, not as businesses. They scaled up so quickly with such immense cost structures, and there was so much competition in the space that it was very difficult to make positive cash flow."

Kalt realizes that the marketplace for Internet-based companies has changed since he founded NuMedia Internet: "I was fortunate to be involved in the company at a stage when the marketplace was still young. To be where we are today would require several multiples of the funds that we needed back then."

The dot-com meltdown certainly shook a few trees and gave the entire

world a more cautious view of the Internet-based business. According to Kalt, the Internet crash should not be viewed as the apocalyptic swan song for dot-coms.

"I think the media loves excess as a whole," he says. "On the upside, there was excessive hype, and on the downside, there was excessive hype in my view as well. There will be a second wave of Internet companies making money and they're slowly starting to emerge. People with experience who understand marketplaces will come back to the table. You're not going to

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build a company worth \$150 million in six months, but the opportunities today to become involved in Internet companies are still significant."

And Kalt is determined to take advantage of possibilities in the marketplace. He spends considerable time thinking about the future instead of just putting out little fires that spring up daily.

"About half my time goes into thinking about new opportunities," he says. "I try to figure out where the marketplace is shifting and where we as a company need to adjust and move to. In the technology realm and the electronic delivery of information, it's a business that moves very quickly, and if you're not constantly watching, you risk dropping the ball."

NuMedia currently employs 13 people. Kalt says that it is important for all of the employees to share his passion,

and he recognizes the importance of recognizing and fostering business talent within the organization.

"I spend a lot of time either recruiting or helping our talent to mature in terms of their function within the company. We look for people who can think. We offer advancement opportunities by having people suggest where we can drive more revenue or create new profit avenues for the company. Anybody can fill a position, but there's a very select group of people that can help you recognize and then execute on new opportunities."

Balancing the demands of his business and personal life is always a challenge for Kalt. The 40-hour workweek simply doesn't exist for him, as business often demands long and irregular hours. His schedule limits his ability to take long periods of time away from work. Even when he does get away, it can be difficult to leave the office behind. However, Kalt recognizes the importance of having a life apart from the workplace.

"I try to balance myself in all senses of the word, both personal and professional development. Nobody wants to focus their entire life building a business. Companies can absolutely absorb individuals to the point that they never see daylight beyond the elevator door, the parkade and the office."

As far as NuMedia is concerned, Kalt says that his work has just begun: "We will continue as a company to expand in new product and service areas. We have an awful long way to go as a company to grow and to realize new opportunity."

Kalt admits to being an "itching entrepreneur" who always seeks new opportunities. Beyond NuMedia, Kalt intends to explore new business possibilities.

"I'm pretty sure that the business community will see me become involved in some other startups in the near future, brand new companies that are addressing new marketplace concerns. There are more opportunities today than I've ever seen before." **BS**

